

# **EXHIBIT 7**

**Filed Under Seal**

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**Subject:** Pork Market Commentary

The hog and pork complex showed solid signs of improvement last week as the cutout value firmed slightly while the lean hog market was moderately higher. Packer margins remain exceptionally strong, but weekly hog slaughter volumes are in the process of declining, and as this persists over the next several weeks we could see a \$7-8 rally in cash hog values without any appreciable increase in the cutout value, shrinking packer margin back to more normal levels.

**Hams:** Ham prices are perking up a little but remain soft overall, in line with weakness that is normally felt during the month of January. Both 20-23# and 23-27# bone-in hams were quoted mostly in the mid-\$50s this past week and should push towards the \$60 mark soon. We could see 23-27# hams advance into the mid-\$70s with 23-27# hams not far behind as we approach the Easter time period in late March. Retailers aggressively cleared out whole turkey stocks during the recent holiday stretch, and production shortfalls continue as a result of last year's avian influenza outbreak. Hams normally dominate the feature landscape for Easter anyway, but should garner particular focus this year due to lingering shortages of whole turkeys.

**Bellies:** Derind 9-13# bellies averaged mostly in the upper-\$130s this past week, and quotes late in the week were rolling in above the \$140 mark. Bacon features should become more widespread soon, and the movement generated should keep a solid floor under the derind 9-13# belly market at around \$140. There doesn't seem to be a ton of upside potential, as there should be plenty of fresh production to go around with ample stocks.

**Loins:** The loin complex continues to be supported by retailers replenishing their pipelines early in the new year, and by packer production issues in the beginning of last week. Bone-in 1/4" trimmed loin prices firmed up last week and boneless strap-on loins have traded up into the mid/upper \$130s. Loins look to move sideways in the low/mid \$90s through the remainder of the month before working above the \$100 mark by March, supported by retailer feature activity and by export demand. Boneless strap-on loins are forecast to move into the low \$140s by the end of February followed by further increases into the mid \$140s in March.

**Trim:** Following a downturn that lasted for close to a month and left the fat end of the complex trading barely above rendering value, pork trimmings are livening up all of a sudden. Pork 42s briefly sagged into the mid-\$10s and averaged just \$18 during the first full week of January but clawed back into the low-\$20s this past week. Lean trim surged into the mid-\$40s, its highest point in nearly two months. Some processors are reportedly eschewing products that draw raw materials from multiple species and opting for those that draw off of only one. Pork trimmings are in their sights, while poultry is losing favor. Mechanically deboned turkey meat is in free-fall, and mechanically separated chicken also lost steam this past week. Look for both 42s and 72s to post solid gains over the next few weeks, with the former possibly rallying into the low-to-mid \$30s by March and the latter climbing into the low-to-mid-\$50s.